

TESTIMONY ON SENATE BILL 438 (S-2)

April 28th, 2016

Byrd - Good morning Chairman Nofs, Vice-chair Proos, Vice-Chair Hopgood, the lady and other gentlemen of the Committee.

On behalf of the Michigan Energy Efficiency Contractors Association or MEECA, I would like to thank you for the opportunity to have the voice of Michigan's energy efficiency contractors again heard in these proceedings.

My name is Brindley Byrd, executive director of MEECA. I am joined today by Brad Bartholomew, founding president of our association, founder of Energy Savings Services and president of Bartholomew Heating & Cooling, based in Kalamazoo. I want to thank him for taking even more time away from his businesses to come here and speak with you today.

With the release of Senate Bill 438, as we testified in August of last year, we were more than a little unclear what happens to the electric EO or energy waste reduction (EWR) programs in the untried or tested proposed integrated resource planning process also outlined, and now revised, in Senate Bill 437.

We testified knowing that:

- 1) Michigan almost certainly would not have such robust EO programs were it not for Public Act 295,
- 2) To date, it is rather conclusive that without some sort of energy efficiency standard utilities do not deploy energy efficiency as much without standards as they do with, and
- 3) Expanding our state's energy efficiency market can be done without additional mandates.

The Voice of Michigan's Energy Efficiency Contractors

We withheld our support of SB438 as introduced, in its (S-1) version, and still are withholding our support of the (S-2) version of the bill.

We do appreciate inclusion of a multiple-tiered incentive mechanism paid to utilities that achieve certain savings benchmarks, and most certainly support the continuation of the natural gas Energy Waste Reduction programs.

We do like the language in Section 71 starting on page 32, up until sub-section (7) on page 33 – repealing the section.

We like the language in Section 73 starting on page 35, up until sub-section (7) on page 37 – repealing the section.

This theme repeats itself throughout the proposed (S-2) essentially eliminating the infrastructure of Michigan's energy efficiency market. This infrastructure gives us the confidence to know, track and allocate electric savings and keep it defined as the cheapest, and most cost-effective resource available to Michigan electric providers.

Brad - A key element of MEECA's core purpose is to advocate for a 'predictable' energy efficiency industry. Sun-setting of the language which so well defined and delivered savings to Michigan's rate-payers is something we cannot support in the way this bill proposes.

We do see a way forward for energy waste reduction programs with EWR programming being mentioned in the IRP process. We again acknowledge that utilities can get de-coupling mechanisms making them 'whole' and have a tiered-incentive mechanism. However, restoring the language in PA 295 for electric energy waste reduction programs is something we must have.

Additionally, we see the need to give the MPSC more guidance in statute when it comes to EWR program design. No mention of EWR structure is contained in SB437 (S-2). Through my experiences serving on

the Energy Optimization Collaborative (EOC) Technical Sub-committee and MEECA's involvement with the EOC, we see the importance of limiting the amount of behavioral based-savings programs utilities can deploy and providing the MPSC the authority to develop additional savings-multiplier or monetary incentives for EWR programs that deploy asset based, real, tangible savings delivered through more reliable, deeper measures; like HVAC equipment, building envelope improvements or lighting change-outs.

Lastly, we recommend increasing the spending caps from 2% to 3% for both electric and gas programs.

Byrd - Keeping to our pledge to expand Michigan's integrated energy efficiency industry with our utility-based rebate programs as a cornerstone, MEECA looks forward to continuing to work with the Chairman and Senator Proos to see that the infrastructure of Michigan's efficiency industry remains intact and the Michigan electric and gas customers reduce energy waste and future costs of provider services they incur.

As the chairman indicated on Tuesday, there is more work to be done with these bills. Our working together on the issues we brought out today will move MEECA to support the (S-2)'s of both SB437 & SB438.

Respectfully Submitted,



Brindley Byrd
Executive Director



Brad Bartholomew
Member